

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SAN SALVADOR 003508

SIPDIS

STATE PASS OPIC FOR R. GREENBERG
STATE PASS AID/LAC
USDOC FOR 4332/ITA/MAC/MSIEGELMAN
USDOC FOR 3134/ITA/USFCS/OIO/MKESHISHIAN/BARTHUR

E.O. 12958: N/A

TAGS: [EINV](#) [EFIN](#) [ES](#)

SUBJECT: OPIC REQUEST FOR INFORMATION ON MICROFINANCING

REF: SECSTATE 221173

1. The microfinancing sector has grown significantly in recent years in El Salvador, and its expansion has helped satisfy micro entrepreneurs' demand for credit. In El Salvador, the traditional banking sector typically lends only under strict conditions, thereby excluding many potentially good clients from their lending operations. According to USAID's Rural Micro Finances Strengthening Program (FOMIR-DAI) and the National Commission for Micro and Small Businesses (CONAMYPE), as of March 2004 there were 512,877 microbusinesses in El Salvador, 191,707 of which had outstanding credits with an approximately 116 different microfinancing institutions. The 11 institutions supported by FOMIR-DAI reported that between June 2001 and June 2003, the number of loans made grew by 56.9 percent, while their total value increased by 66.9 percent.

2. The MicroFinance International Corporation (MFIC) has been working with local microfinancing institutions in El Salvador since the second half of 2004, when MFIC signed an agreement to channel remittances through local microfinancing institutions. This year, MFIC plans to offer credit to recipients of remittances through microfinancing institutions. In an effort to promote the productive use of remittances, loans would only be offered to those willing to use the credits and remittance flows to invest in their businesses.

3. MFIC's partners in El Salvador--Sociedad Cooperativa de Ahorro y Credito de R.L. (AMC), Apoyo Integral, S.A. de C.V. (Integral), Asociacion de Ahorro y Credito Vicentina de R.L. (ACCOVI), Fundacion Campo, Fundacion Jose Napoleon Duarte, and Alianza para el Desarrollo de la Microempresa (ALPIMED)--are well-established microfinancing institutions, or, in the case of ALPIMED, a network of such institutions. Most belong to the Network of Micro Finance Organization (ASOMI), founded in July 1998 to provide sectoral representation to microfinancing institutions. AMC was founded in 2000, Fundacion Jose Napoleon Duarte in the 1980s, Fundacion Campo in 1995, and ACCOVI in October 1965. ACCOVI was the first Salvadorian Cooperative authorized by the Superintendency of the Financial System to provide nonbanking financial services, and it has assets of \$30.3 million. Integral, founded in May 2002, is a program supported by the Integral Support Salvadorian Foundation (FUSAI), International Action, IDB-FOMIN, and the Duenas Foundation.

4. Post could find no additional information regarding Mr. Tochisako.

5. Post supports OPIC's proposal to provide \$4 million in financing for MFIC's lending program for microfinancing institutions. It will further support the operations of microfinancing institutions in El Salvador and the development of micro, small, and medium businesses in the country.

Barclay